



Addendum to the January 18, 2024 Water and Wastewater Development Charges Background Study

Municipality of Chatham-Kent Public Utilities Commission

February 20, 2024

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1. Background

Commensurate with the provisions of the Development Charges Act, 1997, as amended (D.C.A.), the Municipality of Chatham-Kent Public Utilities Commission (C.K. P.U.C.) has undertaken a Development Charges (D.C.) Background Study and released the study in accordance with the D.C.A. The following provides a summary of the key dates in the development charge by-law process:

- October 2023 to January 2024 – Data collection, D.C. calculations, Engineering review, and policy work
- January 18, 2024 – Release of the D.C. Background Study and draft by-law
- February 20, 2024 – Release of the Addendum to the January 18th Background Study
- March 4, 2024 – Public Meeting of Council
- March 18, 2024 – Passage of D.C. By-law

The purpose of this addendum report is to provide updates to the January 18, 2024 D.C. Background Study with respect to:

- Non-residential calculations by development type;
- Rounding corrections; and
- Additional exemptions to the draft by-law.

These updates are based upon further review by C.K. P.U.C. staff subsequent to the release of the January 18, 2024 D.C. Background Study. This addendum will form part of the D.C. background study provided to Council prior to by-law adoption.

2. Updates to the January 18, 2024 D.C. Background Study

This section of the addendum report provides an explanation for the above-noted refinements.



2.1 Refinements to the Non-Residential Calculations

2.1.1 Industrial, Commercial, and Institutional Calculations

Through the January 18, 2024 D.C. Background Study, the C.K. P.U.C.'s water and wastewater growth-related costs were allocated to each of residential, non-residential industrial, commercial, and institutional (I.C.I.), and non-residential greenhouses based on each development type's proportionate share of forecast water demand volumes. Forecast volumes of water demand were identified in the 2023 Water and Wastewater Master Plan by AECOM Canada Ltd. (AECOM). The total non-residential I.C.I. cost share was then apportioned separately to industrial, commercial, and institutional development based on their relative share of forecast employment. Those costs were then divided by the respective forecast gross floor area development (sq.ft.) to arrive at a differentiated I.C.I. charge per sq.ft. of gross floor area.

Based on further review of the non-residential D.C. rates by C.K. P.U.C. staff, the method of apportioning the non-residential capital costs between I.C.I. developments did not reflect the appropriate allocation as the water volume data for each of the three development types was not separated out in the 2023 Water and Wastewater Master Plan. Therefore, the I.C.I. D.C. has been calculated on a uniform basis by apportioning the total I.C.I. growth-related costs to the total forecast I.C.I. gross floor area (i.e. excluding greenhouses). The following provides a summary of the non-residential I.C.I. calculations for water and wastewater.

Figures 2-1 and 2-2 identify the growth-related water costs for I.C.I. to be \$23,150,400. This amount is then divided by the total I.C.I. gross floor area forecast of 4.1 million sq.ft. to calculate the uniform non-residential I.C.I. development charge of \$5.64 per sq.ft. for water services.

Figure 2-1
Distribution of Growth-Related Water Costs – Non-Residential I.C.I.

Distribution of Growth-Related Water Costs	\$ (Rounded)
Non-Residential (Industrial, Commercial, Institutional)	23,150,400



Figure 2-2
Non-Residential I.C.I. Development Charge Calculation - Water

Non-Residential Types	Allocation of Non-Residential I.C.I. Water Costs	Gross Floor Area Forecast (sq.ft.)	Water D.C. Per Non-Residential Sq.ft. of Gross Floor Area
Industrial	\$ 23,150,400	4,108,000	\$ 5.64
Commercial			
Institutional			

Similar to water, Figures 2-3 and 2-4 identify the growth-related wastewater costs for I.C.I. to be \$10,906,800. This amount is then divided by the total I.C.I. gross floor area forecast of 4.1 million sq.ft. to calculate the uniform non-residential I.C.I. development charge of \$2.66 per sq.ft. for wastewater services.

Figure 2-3
Distribution of Growth-Related Wastewater Costs – Non-Residential I.C.I.

Distribution of Growth-Related Wastewater Costs	\$ (Rounded)
Non-Residential (Industrial, Commercial, Institutional)	10,906,800

Figure 2-4
Non-Residential I.C.I. Development Charge Calculation - Wastewater

Non-Residential Types	Allocation of Non-Residential I.C.I. Wastewater Costs	Gross Floor Area Forecast (sq.ft.)	Wastewater D.C. Per Non-Residential Sq.ft. of Gross Floor Area
Industrial	\$ 10,906,800	4,108,000	\$ 2.66
Commercial			
Institutional			

2.1.2 Greenhouse Refinements

The January 18, 2024 D.C. Background Study listed a rounding error for water D.C.s related to greenhouses. The water D.C. for greenhouses was identified as \$8.68 per sq.ft.

Through a review of the calculations, it was discovered that the water D.C. for greenhouse developments should be \$8.67 per sq.ft. and has been corrected as part of this addendum.



2.2 Refinements to the D.C. By-law

In discussions with C.K. P.U.C. staff, it was determined that the non-statutory exemptions from the Municipal-wide D.C. By-law be included in the Water and Wastewater D.C. By-law. These additional exemptions are as follows:

- Public Hospitals;
- Children's Treatment Centre of Chatham-Kent;
- Chatham-Kent Municipal Airport; and
- Farm buildings, excluding on-farm bunk houses and greenhouses.

The above non-statutory exemptions have been included in the draft Water and Wastewater D.C. By-law for Council's consideration.

3. Overall Changes to the D.C. Calculations

Based on the changes noted in section 2, the calculated non-residential D.C.s have been revised as follows:

- Industrial D.C.s increased from \$4.44 per sq.ft. to \$8.30 per sq.ft.;
- Commercial D.C.s decreased from \$16.86 per sq.ft. to \$8.30;
- Institutional D.C.s decreased from \$12.04 per sq.ft. to \$8.30 per sq.ft; and
- The D.C.s for greenhouse developments remains unchanged at \$12.74 per sq.ft.

The summary below outlines the current charges vs. the charges as calculated in the January 18, 2024 D.C. report and the charges calculated in this addendum report.



Residential (Single Detached) Comparison

Service	Current	Calculated
Wastewater Services	2,999	3,687
Water Services	3,712	7,828
Total	6,711	11,515

Service	Current				Calculated (January 18, 2024 Report)				Calculated (February 20, 2024 Addendum)			
	Commercial	Institutional	Industrial	Greenhouses	Commercial	Institutional	Industrial	Greenhouses	Commercial	Institutional	Industrial	Greenhouses
Wastewater Services	2.10	1.56	1.04	0.15	5.40	3.86	1.42	4.07	2.66			4.07
Water Services	2.59	1.95	1.31	0.21	11.46	8.19	3.02	8.68	5.64			8.67
Total	4.69	3.51	2.35	0.36	16.86	12.04	4.44	12.74	8.30			12.74



4. Changes to the Background Report

Based on the preceding sections, the following revisions are made to the pages within the January 18, 2024 background study (amended pages are appended to this report):

Page Reference	Description of Revisions
ES (iv) and ES (vii)	Updated write-up and tables regarding the calculated charges.
1-2	Revised Figure 1-1 to include the release of this addendum report.
6-2 to 6-5	Updated the write-up and Tables 6-7 to 6-10 to reflect the revised Non-residential D.C. calculations.
7-4 to 7-7	Updated the exemptions in section 7.3.4 and renumbering of pages
7-8	Updated section 7.5 to reference the addendum report in the recommendation to approve the background study, as amended
Appendix E	Updated the draft D.C. by-law to reflect the updated exemptions and non-residential D.C. rates.



5. Process for the Adoption of the Development Charges By-law

Sections 1, 2, 3 & 4 provide for a summary of the revisions to the Municipality's Water and Wastewater D.C. Background Study. If Council is satisfied with the above changes to the Background Study and based on the public submissions made at the public meeting, this addendum report #1, along with the recommendations provided in Chapter 7 to the January 18, 2024 background study and the updated by-law will be considered for approval by Council.



Amended Pages



Table ES-1
Summary of Growth Forecast

Measure	Growth Forecast to 2051
(Net) Population Increase	15,653
Residential Unit Increase	8,240
Non-Residential Gross Floor Area Increase (sq.ft.) - Industrial, Commercial, and Institutional	4,108,000
Non-Residential Gross Floor Area Increase (sq.ft.) - Greenhouses	27,287,747

Source: Watson & Associates Economists Ltd. Forecast 2024

5. The Municipality of Chatham-Kent's By-law 18-2019 came into effect on March 25, 2019 under the D.C.A. on The by-law imposes water and wastewater D.C.s on residential and non-residential uses. The by-law will expire on March 25, 2024. The Municipality is undertaking a D.C. public process and anticipates passing a new by-law in advance of the expiry date. The mandatory public meeting has been set for March 4, 2024.
6. The Municipality's D.C.s currently in effect are \$6,711 for single detached dwelling units for water and wastewater services. Non-residential charges are \$4.69 per square foot for commercial, \$3.51 per square foot for institutional, and \$0.36 per square foot for greenhouses. The charge for industrial development is \$2.35 per square foot but is currently exempt.
7. This report has undertaken a recalculation of the charge based on future identified needs (presented in Schedule ES-1 for residential and non-residential). The corresponding single detached unit charge is \$11,515. The non-residential charges have been calculated on a uniform basis for industrial, commercial, and institutional, which is \$8.30 per square foot. For greenhouses, the calculated D.C. is \$12.74 per square foot. These rates are submitted to Council for its consideration.
 - Note: the calculations identified in this report provide for the maximum D.C. recovery from each type of residential and non-residential development



**Table ES-3
Schedule of Development Charges**

Service	RESIDENTIAL						NON-RESIDENTIAL (per sq.ft. of Gross Floor Area)			
	Single and Semi-Detached Dwelling	Multiples	Apartments - 2 Bedrooms +	Apartments - Bachelor and 1 Bedroom	Special Care/Special Dwelling Units	Bunk Houses (Per Bed)	Commercial	Institutional	Industrial	Greenhouses
Wastewater Services	3,687	2,367	2,396	1,449	1,410	1,410	2.66	2.66	2.66	4.07
Water Services	7,828	5,025	5,087	3,076	2,994	2,994	5.64	5.64	5.64	8.67
Total	11,515	7,392	7,483	4,525	4,404	4,404	8.30	8.30	8.30	12.74



The chapters in the report are supported by Appendices containing the data required to explain and substantiate the calculation of the charge. A full discussion of the statutory requirements for the preparation of a background study and calculation of a D.C. is provided herein.

1.2 Summary of the Process

The public meeting required under section 12 of the D.C.A. is scheduled for March 4, 2024. Its purpose is to present the study to the public and to solicit public input. The public meeting will answer any questions regarding the study's purpose, methodology, and the proposed modifications to the Municipality's water and wastewater D.C.s.

In accordance with the legislation, the background study and proposed D.C. by-law is available for public review on January 18, 2024.

The process to be followed in finalizing the report and recommendations includes:

- consideration of responses received prior to, at, or immediately following the public meeting; and
- finalization of the report and Council consideration of the by-law subsequent to the public meeting.

Figure 1-1 outlines the proposed schedule to be followed with respect to the D.C. by-law adoption process.

Figure 1-1
Schedule of Key D.C. Process Dates for the Municipality of Chatham-Kent

Schedule of Study Milestone	Dates
1. Data collection, staff review, engineering work, D.C. calculations and policy work	October 2023 to January 2024
2. Public release of final D.C. Background study and proposed by-law	January 18, 2024
3. Public meeting advertisement placed in newspaper(s)	At least 21 days prior to the public meeting
4. Addendum #1 to the D.C. Background Study	February 20, 2024
5. Public meeting of Council	March 4, 2024
6. Council considers adoption of background study and passage of by-law	March 18, 2024
7. Newspaper notice given of by-law passage	By 20 days after passage



Table 6-3
Allocation of the Net D.C. Costs for Water

Distribution of Growth-Related Water Costs	Percentage Share of Volumes	\$ (Rounded)
Residential	14%	51,476,500
Non-Residential (Industrial, Commercial, Institutional)	6%	23,150,400
Non-Residential (Greenhouses)	80%	298,342,400
Total Growth-Related Water Cost	100%	\$ 372,969,300

Table 6-4
Allocation of the Net D.C. Costs for Wastewater

Distribution of Growth-Related Wastewater Costs	Percentage Share of Volumes	\$ (Rounded)
Residential	55%	24,252,000
Non-Residential (Industrial, Commercial, Institutional)	25%	10,906,800
Non-Residential (Greenhouses)	20%	8,544,800
Total Growth-Related Wastewater Cost	100%	\$ 43,703,600

6.2 Residential and Non-Residential Calculations

The calculation for residential development is generated on a per capita basis and is based upon five forms of housing types (singles and semi-detached, multiples, apartments 2+ bedrooms, apartments bachelor and 1 bedroom, special care/special dwelling units, and bunk houses). The non-residential D.C. has been calculated on a per sq.ft. of G.F.A. basis for all types of non-residential development (industrial, commercial, institutional, and greenhouses).

For the residential calculations, the total cost is divided by the “gross” (new resident) population to determine the per capita amount. The cost per capita is then multiplied by the average occupancy of the new units to calculate the charge. These are summarized in Tables 6-5 and 6-6.

With respect to non-residential development, the total costs have been divided by the anticipated square footage associated with the combined I.C.I. developments, as well as greenhouse developments, over the planning period to calculate a cost per sq.ft. of gross floor area. These are summarized in Tables 6-7 to 6-10.

Table 6-11 provides for the total water and wastewater D.C.s by development type.



Table 6-5
Residential Per Capita Amounts

Residential Calculations	Water	Wastewater
Residential Costs	\$ 51,476,500	\$ 24,252,000
2051 Gross Population Forecast	18,913	18,913
D.C. per Capita	\$ 2,722	\$ 1,282

Table 6-6
Residential Development Charges by Unit Type

Residential Unit Types	Persons Per Unit	Water D.C. Per Residential Unit (Calculated)	Wastewater D.C. Per Residential Unit (Calculated)
Single and Semi-Detached Dwelling	2.876	\$ 7,828	3,687
Multiples	1.846	\$ 5,024	2,367
Apartments - 2 Bedrooms +	1.869	\$ 5,087	2,396
Apartments - Bachelor and 1 Bedroom	1.130	\$ 3,076	1,449
Special Care/Special Dwelling Units	1.100	\$ 2,994	1,410
Bunk Houses	1.100	\$ 2,994	1,410

Table 6-7
Non-Residential D.C. Cost Allocations for Water

Non-Residential Calculations	Employment Forecast	Percentage Share of Employment	Non-Residential Water Costs
2051 Non-Residential Forecast			
Industrial	1,320	100%	\$ 23,150,400
Commercial	1,520		
Institutional	1,200		
Sub-total	4,040	100%	
Greenhouses	1,720	100%	\$ 298,342,400
Total	5,760		\$ 321,492,800

Table 6-8
Non-Residential D.C. Cost Allocations for Wastewater

Non-Residential Calculations	Employment Forecast	Percentage Share of Employment	Non-Residential Wastewater Costs
2051 Non-Residential Forecast			
Industrial	1,320	100%	\$ 10,906,800
Commercial	1,520		
Institutional	1,200		
Sub-total	4,040	100%	
Greenhouses	105	100%	\$ 8,544,800
Total	4,145		\$ 19,451,600



Table 6-9
Non-Residential Water Development Charges by Development Type

Non-Residential Types	Allocation of Non-Residential I.C.I. Water Costs	Gross Floor Area Forecast (sq.ft.)	Water D.C. Per Non-Residential Sq.ft. of Gross Floor Area
Industrial	\$ 23,150,400	4,108,000	\$ 5.64
Commercial			
Institutional			
Greenhouses	\$ 298,342,400	34,400,000	\$ 8.67
Total	\$ 321,492,800	38,508,000	

Table 6-10
Non-Residential Wastewater Development Charges by Development Type

Non-Residential Types	Allocation of Non-Residential I.C.I. Wastewater Costs	Gross Floor Area Forecast (sq.ft.)	Wastewater D.C. Per Non-Residential Sq.ft. of Gross Floor Area
Industrial	\$ 10,906,800	4,108,000	\$ 2.66
Commercial			
Institutional			
Greenhouses	\$ 8,544,800	2,100,000	\$ 4.07
Total	\$ 19,451,600	6,208,000	

6.3 Further Review of the Calculations

The calculations identified in the prior sections provide for the maximum D.C. recovery from each type of residential and non-residential development, based on the D.C.-eligible capital program and growth forecast. Through discussions with C.K. P.U.C. staff, a further review of the D.C. rates will be undertaken in advance of the public meeting to determine the recommendations that will be provided to Council for their consideration. It is anticipated that the findings of this review, and associated recommendations, will be presented to Council on March 4, 2024.



Table 6-11
Summary of Development Charges

Service	RESIDENTIAL						NON-RESIDENTIAL (per sq.ft. of Gross Floor Area)			
	Single and Semi-Detached Dwelling	Multiples	Apartments - 2 Bedrooms +	Apartments - Bachelor and 1 Bedroom	Special Care/Special Dwelling Units	Bunk Houses (Per Bed)	Commercial	Institutional	Industrial	Greenhouses
Wastewater Services	3,687	2,367	2,396	1,449	1,410	1,410	2.66	2.66	2.66	4.07
Water Services	7,828	5,025	5,087	3,076	2,994	2,994	5.64	5.64	5.64	8.67
Total	11,515	7,392	7,483	4,525	4,404	4,404	8.30	8.30	8.30	12.74



- buildings or structures owned by and used for the purposes of any municipality, local board, or Board of Education (section 3);
- may add up to 2 apartments in an existing or new detached, semi-detached, or rowhouse (including in an ancillary structure);
- add one additional unit or 1% of existing units in an existing rental residential building;
- a university in Ontario that receives direct, regular, and ongoing operating funding from the Government of Ontario;
- affordable units, attainable units, and affordable inclusionary zoning units (to be in force at a later date);
- non-profit housing; and
- discount for rental housing units based on bedroom size (i.e., three or more bedrooms – 25% reduction, two bedrooms – 20% reduction, and all others – 15% reduction).

b) Non-statutory exemptions for Council consideration:

- the issuance of a building permit in accordance with section 2 (3) of the Act;
- a place of worship;
- a college or university and student accommodation related directly to the college and/or university;
- Public Hospitals;
- Children's Treatment Centre of Chatham-Kent;
- Chatham-Kent Municipal Airport; and
- Farm buildings, excluding on-farm bunk houses and greenhouses.

7.3.5 Phasing in

As required by Bill 23, the calculated D.C. will be phased-in over a five-year period as follows:

- Year 1 – 80% of the maximum charge;
- Year 2 – 85% of the maximum charge;
- Year 3 – 90% of the maximum charge;
- Year 4 – 95% of the maximum charge; and
- Year 5 to expiry – 100% of the maximum charge.



As noted in earlier sections, as of the time of writing, the Province has announced (on December 13, 2023) potential changes to the phase-in requirements. The details of these changes will be forthcoming in early 2024 and Watson will monitor and advise as to the nature of these changes.

In addition to the mandatory phase-in requirements, a phase-in table will be included with the D.C. by-law to provide Council with the ability to increase or decrease the D.C.s for residential, commercial, institutional, industrial, and greenhouse development, continuing the practice from the previous D.C. study.

7.3.6 Timing of Collection

A D.C. that is applicable under Section 5 of the D.C.A. shall be calculated and payable;

- Where a permit is required under the Building Code Act in relation to a building or structure, the owner shall pay the D.C. prior to issuance of the first building permit prior to the commencement of development or redevelopment as the case may be; and
- Despite above, Council, from time to time, and at any time, may enter into agreements providing for all or any part of a D.C. to be paid before or after it would otherwise be payable.

7.3.7 The Applicable Areas

The charges developed herein shall be applied as follows:

- Water and Wastewater charges will be imposed on the urban service areas of the Municipality.

7.3.8 Indexing

Indexing of the D.C.s shall be implemented on a mandatory basis annually commencing on the first anniversary date of this by-law and each anniversary date thereafter, in accordance with the Statistics Canada Quarterly, Non-Residential Building Construction Price Index (Table 18-10-0276-02)¹ for the most recent year-over-year period.

¹ O. Reg. 82/98 referenced “The Statistics Canada Quarterly, Construction Price Statistics, catalogue number 62-007” as the index source. Since implementation,



7.4 Other D.C. By-law Provisions

It is recommended that:

7.4.1 Categories of Services for Reserve Fund and Credit Purposes

The Municipality's D.C. collections are currently reserved in two separate reserve funds: Water Services and Wastewater Services. Appendix B outlines the reserve fund policies that the Municipality is required to follow as per the D.C.A.

7.4.2 By-law In-force Date

A by-law under the D.C.A. comes into force on the day after which the by-law is passed by Council.

7.4.3 Minimum Interest Rate Paid on Refunds and Charged for Inter-Reserve Fund Borrowing

The minimum interest rate is the Bank of Canada rate on the day the by-law comes into force updated on the first business day of every January, April, July and October (as per section 11 of O. Reg. 82/98).

7.4.4 Area Rating

The D.C.A. required that Council must consider the use of area specific charges:

1. Section 2 (9) of the D.C.A. now requires a municipality to implement area-specific D.C.s for either specific services which are prescribed and/or for specific municipalities which are to be regulated (note that at this time, no municipalities or services are prescribed by the regulations).
2. Section 10 (2) c.1 of the D.C.A. requires that "the development charges background study shall include consideration of the use of more than one

Statistics Canada has modified this index twice and the above-noted index is the most current. The draft by-law provided herein refers to O. Reg. 82/98 to ensure traceability should this index continue to be modified over time.



development charge by-law to reflect different needs for services in different areas.”

In regard to the first item, there are no services or specific municipalities identified in the regulations which must be area rated. The second item requires Council to consider the use of area rating.

Currently, the Municipality’s water and wastewater D.C. by-law is imposed in the urban areas that are designated to receive water and wastewater servicing. There have been several reasons why these allocations are made:

1. All Municipal services, with the exception of water, wastewater and stormwater require that the average 15-year service standard be calculated. This average service standard multiplied by growth in the Municipality, establishes an upper ceiling on the amount of funds that can be collected from all developing landowners. Section 4 (4) of O. Reg. 82/98 provides that “if a development charge by-law applies to a part of the municipality, the level of service and average level of service cannot exceed that which would be determined if the by-law applied to the whole municipality.” Put in layman terms, the average service standard multiplied by the growth within the specific area would establish an area-specific ceiling which would significantly reduce the total revenue recoverable for the Municipality hence potentially resulting in D.C. revenue shortfalls and impacts on property taxes.
2. Expanding on item 1, attempting to impose an area charge potentially causes equity issues in transitioning from a Municipal-wide approach to an area-specific approach. For example, if all services were now built (and funded) within Area A (which is 75% built out) and this was funded with some revenues from Areas B and C, moving to an area-rating approach would see Area A contribute no funds to the costs of services in Areas B and C. The D.C.s would be lower in Area A (as all services are now funded) and higher in Areas B and C. As well, funding shortfalls may then potentially encourage the municipality to provide less services to Areas B and C due to reduced revenue.
3. Many services provided (roads, parks and recreation facilities, etc.) are not restricted to one specific area and are often used by all residents. For example, arenas located in different parts of the Municipality will be used by residents from



all areas depending on the programming of the facility (i.e., a public skate is available each night, but at a different arena; hence usage of any one facility at any given time is based on programming availability).

For the reasons noted above, it is recommended that Council continue the D.C. approach to calculate the charges on an urban area basis for water and wastewater.

7.5 Other Recommendations

It is recommended that Council:

“Whenever appropriate, request that grants, subsidies and other contributions be clearly designated by the donor as being to the benefit of existing development or new development, as applicable;”

“Adopt the assumptions contained herein as an ‘anticipation’ with respect to capital grants, subsidies and other contributions;”

“Continue the D.C. approach to calculate the charges on an urban-area basis for water and wastewater services;”

“Approve the capital project listing set out in Chapter 5 of the D.C.s Background Study dated January 18, 2024, subject to further annual review during the capital budget process;”

“Approve the D.C.s Background Study dated January 18, 2024, as amended by Addendum #1, dated February 20, 2024;”

“Determine that no further public meeting is required;” and

“Approve the D.C. By-law as set out in Appendix E.”



Appendix E

Proposed D.C. By-law



Appendix E: Proposed D.C. By-law

By-Law Number XX-2024

The Corporation of the Municipality of Chatham-Kent A By-law for the Imposition of Development Charges

Whereas the Corporation of the Municipality of Chatham-Kent will experience growth through development and re-development;

And Whereas development and re-development requires the provision of physical and social services by the Municipality of Chatham-Kent;

And Whereas Council desires to ensure that the capital cost of meeting growth- related demands for or burden on municipal services does not place an excessive financial burden on the Municipality of Chatham-Kent or its existing taxpayers while at the same time ensuring new taxpayers contribute no more than the net capital cost attributable to providing the current level of municipal services;

And Whereas the *Development Charges Act, 1997* (the "Act") provides that the Council of a municipality may by by-law impose development charges against land to pay for increased capital costs required because of increased needs for services;

And Whereas a development charge background study has been completed in accordance with the Act;

And Whereas the Council of The Corporation of the Municipality of Chatham- Kent has given notice of and held a public meeting on the 4th day of March 2024, in accordance with the Act and the regulations thereto;

Now Therefore the Council of The Corporation of the Municipality of Chatham-Kent enacts as follows:

1. Interpretation

1.1 In this By-law the following items shall have the corresponding meanings:

"Act" means the *Development Charges Act*, as amended, or any successor thereof;



"Accessory use" means where used to describe a use, building or structure, that the use, building or structure is naturally and normally incidental, subordinate in purpose of floor area or both, and exclusively devoted to a principal use, building or structure;

"Affordable Residential Unit" means a Dwelling Unit that meets the criteria set out in subsection 4.1(2) or 4.1(3) of the Act;

"Apartment unit" means any residential dwelling unit within a building containing three or more dwelling units where access to each residential unit is obtained through a common entrance or entrances from the street level and the residential units are connected by an interior corridor;

"Attainable Residential Unit" means a Dwelling Unit that meets the criteria set out in subsection 4.1(4) of the Act;

"bedroom" means a habitable room larger than seven square metres, including a den, study or other similar area, but does not include a living room, dining room or kitchen;

"benefiting area" means an area defined by a map, plan or legal description in a front-ending agreement as an area that will receive a benefit from the construction of a service;

"board of education" has the same meaning as set out in the *Education Act*, R.S.O. 1990, Chap. E.2, as amended, or any successor thereof;

"Building Code Act" means the *Building Code Act*, S.O. 1992, as amended, or any successor thereof;

"Bunk house" means a building accessory to a permitted agricultural use containing kitchen and bathroom facilities and sleeping accommodation in individual or combination rooms for workers directly employed by the permitted use;

"Cannabis/Marijuana facilities" means a building used, designed or intended for growth, producing, testing, destroying, storing or distribution, excluding retail sales, of medical marijuana or cannabis authorized by a license issued by the federal Minister of Health pursuant to section 25 of



the Marihuana for Medical Purposes Regulations, SOR/2013-119, under the Controlled Drugs and Substances Act, S.C. 1996, c.19;

"capital cost" means costs incurred or proposed to be incurred by the Municipality or a local board thereof directly or by others on behalf of and as authorized by the Municipality or local board,

- (a) to acquire land or an interest in land, including a leasehold interest,
- (b) to improve land,
- (c) to acquire, lease, construct or improve buildings and structures,
- (d) to acquire, construct or improve facilities, including:
 - (i) furniture and equipment other than computer equipment; and
 - (ii) material acquired for circulation, reference or information purposes by a library board as defined in the *Public Libraries Act*, R.S.O. 1990, Chap. P.44, as amended, or any successor thereof; and
 - (iii) rolling stock with an estimated useful life of seven years or more.

required for the provision of services designated in this By-law within or outside the Municipality, including interest on borrowing for those expenditures under clauses (a) to (d) above that are growth-related;

"commercial" means any non-residential development not defined under "institutional" or "industrial";

"Council" means the Council of the Municipality;

"development" means the construction, erection or placing of one or more buildings or structures on land or the making of an addition or alteration to a building or structure that has the effect of increasing the size of usability thereof, and includes redevelopment;



"development charge" means a charge imposed with respect to this By-law;

"dwelling unit" means any part of a building or structure used, designed or intended to be used as a domestic establishment in which one or more persons may sleep and are provided with culinary and sanitary facilities for their exclusive use;

"existing" means the number, use and size that existed as of the date this By-law was passed;

"farm building" means that part of a bona fide farming operation encompassing barns, silos and other ancillary development to an agricultural use, but excluding a residential use;

"grade" means the average level of finished ground adjoining a building or structure at all exterior walls;

"greenhouse" means a structure that is used for commercially growing plants in regulated temperatures, humidity and ventilation. A greenhouse is an immense heated building, also referred to as a hothouse or conservatory, covering acres of ground and used for growing fruits, vegetables or flowers;

"gross floor area" means:

- (a) in the case of a residential building or structure, the total area of all floors above grade of a dwelling unit measured between the outside surfaces of exterior walls or between the outside surfaces of exterior walls and the centre line of party walls dividing the dwelling unit from any other dwelling unit or other portion of a building; and
- (b) in the case of a non-residential building or structure, or in the case of a mixed-use building or structure with respect to the non-residential portion thereof, the total area of all building floors above or below grade measured between the outside surfaces of the exterior walls, or between the outside surfaces



of exterior walls and the centre line of party walls dividing a non-residential use and a residential use, except for:

- (i) a room or enclosed area within the building or structure above or below that is used exclusively for the accommodation of heating, cooling, ventilating, electrical, mechanical or telecommunications equipment that service the building;
- (ii) loading facilities above or below grade; and
- (iii) a part of the building or structure below grade that is used for the parking of motor vehicles or for storage or other accessory use;

"industrial" means lands, buildings or structures used or designed or intended for use for manufacturing, processing, fabricating or assembly of raw goods, warehousing or bulk storage of goods, and includes office uses and the sale of commodities to the general public where such uses are accessory to an industrial use, but does not include the sale of commodities to the general public through a warehouse club. The portion of a Cannabis/Marijuana facility not used for growing of the product will also be included in this category;

"institutional development" means development of a building or structure that meets the criteria set out in section 11.1(2) of O.Reg. 82/98 to the Act;

"interest rate" means the annual rate of interest as set out in section 26.3 of the Act;

"local board" means a local board as defined in the *Development Charges Act*;

"local services" means those services, facilities or things which are under the jurisdiction of the Municipality and are related to a plan of subdivision or within the area to which the plan relates with respect to the lands under sections 41, 51 or 53 of the *Planning Act*, R.S.O. 19990, Chap. P.13, as amended, or any successor thereof;



"mobile home" means any dwelling that is designed to be made mobile, and constructed or manufactured to provide a permanent residence for one or more persons, but does not include a travel trailer or tent trailer;

"multiple dwellings" means all dwellings other than single detached, semi-detached and apartment unit dwellings;

"Municipality" means the Corporation of the Municipality of Chatham-Kent;

"Non-profit housing development" means Development of a building or structure that meets the criteria set out in section 4.2 of the Act;

"non-residential use" means a building or structure of any kind whatsoever used, designed or intended to be used for other than a residential use and includes all commercial, industrial and institutional uses;

"owner" means the owner of land or a person who has made application for an approval for the development of land upon which a development charge is imposed;

"place of worship" means that part of a building or structure that is exempt from taxation as a place of worship under the *Assessment Act*, R.S.O. 1990, Chap. A.31, as amended, or any successor thereof; "regulation" means any regulation made pursuant to the Act;

"rental housing" means development of a building or structure with four (4) or more residential units all of which are intended for use as rented residential premises;

"residential use" means land or buildings or structures of any kind whatsoever used, designed or intended to be used as living accommodations for one or more individuals;

"retirement/nursing home dwelling" means a building containing two or more dwelling units which have a common entrance from street level, where the occupants have the right to use in common, halls, stairs, yards, common rooms and accessory buildings, which may or may not have exclusive sanitary and/or culinary facilities, that is designed to accommodate persons with specific needs, including independent



permanent living arrangements, where support services such as meal preparation, grocery shopping, laundry, housekeeping, nursing, respite care and attendant services are provided at various levels, and includes retirement homes and lodges, nursing homes, charitable homes, group homes (including correctional group homes) and hospices;

"Secondary dwelling unit" means a dwelling unit, whether contained within a proposed single detached dwelling or semi-detached dwelling, or ancillary to a single detached dwelling or a semi-detached dwelling including but not limited to a coach house, laneway suite or structure constructed above an existing garage or other structure separate from the primary dwelling unit, which comprises an area less than the gross floor area of the primary dwelling unit and is not capable of being legally conveyed as a separate parcel of land from the primary dwelling unit;

"semi-detached dwelling" means a dwelling unit in a residential building consisting of two dwelling units having one vertical wall or one horizontal wall, but not other parts, attached or another dwelling unit where the residential units are not connected by an interior corridor;

"service" (or "services") means a service designated in Schedule "A" to this By-law;

"servicing agreement" means an agreement between a landowner and the Municipality relative to the provision of municipal services to specified land within the Municipality;

"single detached dwelling unit" means a residential building consisting of one dwelling unit and not attached to another structure, including mobile homes; and

"Trailer" means any vehicle constructed to be attached and propelled by a motor vehicle and that is capable of being used by persons for living, sleeping or eating, even if the vehicle is jacked-up or its running gear is removed. Trailers include tent trailers or similar transportable accommodation, except a mobile home or park model trailer.

2. Designation of Services



- 2.1 The categories of services for which development charges are imposed under this By-law are as follows:
- (a) Water Services
 - (b) Wastewater Services
- 2.2 The components of the services designated in section 2.1 are described in Schedule A.
3. Application of By-law Rules
- 3.1 Development charges shall be payable in the amounts set out in this By-law where:
- (a) the lands are located in the area described in section 3.2; and
 - (b) the development of the lands requires any of the approvals set out in subsection 3.4(a).

Area to Which By-law Applies

- 3.2 Subject to section 3.3, this By-law applies to all lands in the Municipality of Chatham-Kent whether or not the land or use thereof is exempt from taxation under s.13 of the *Assessment Act*.
- 3.3 Notwithstanding clause 3.2 above, this By-law shall not apply to lands that are owned by and used for the purposes of:
- (a) a board as defined in section 1(1) of the *Education Act*;
 - (b) the Municipality of Chatham-Kent or a local board thereof;
 - (c) land vested in or leased to a university that receives regular and ongoing operating funds from the government for the purposes of post-secondary education is exempt from development charges imposed under the Development Charges Act, 1997 if the development in respect of which development charges would otherwise be payable is intended to be occupied and used by the university.



Approvals for Development

- 3.4 (a) Development charges shall be imposed on all lands, buildings or structures that are developed for residential or non-residential uses if the development requires:
- (i) the passing of a zoning by-law or of an amendment to a zoning by-law under section 34 of the *Planning Act*;
 - (ii) the approval of a minor variance under section 45 of the *Planning Act*,
 - (iii) a conveyance of land to which a by-law passed under subsection 50(7) of the *Planning Act* applies;
 - (iv) the approval of a plan of subdivision under section 51 of the *Planning Act*;
 - (v) a consent under section 53 of the *Planning Act*;
 - (vi) the approval of a description under section 50 of the *Condominium Act*, R.S.O. 1990, Chap. C.26, as amended, or any successor thereof; or
 - (vii) the issuing of a permit under the *Building Code Act* in relation to a building or structure.
- (b) No more than one development charge for each service designated in subsection 2.1 shall be imposed upon any lands, buildings or structures to which this By-law applies even though two or more of the actions described in subsection 3.4(a) are required before the lands, buildings or structures can be developed.
- (c) Despite subsection 3.4(b), if two or more of the actions described in subsection 3.4(a) occur at different times, additional development charges shall be imposed if the subsequent action has the effect of increasing the need for services.



Exemptions

3.5 Rules with Respect to Exemptions for Intensification of Existing or New Housing

- (a) Notwithstanding any other provision of this By-law, Development Charges shall not be imposed with respect to:
 - (i) an enlargement to an existing Dwelling Unit;
 - (ii) the creation of additional Dwelling Units equal to the greater of one (1) or 1% of the existing Dwelling Units in an existing Residential rental building containing four (4) or more Dwelling Units or prescribed ancillary structure to the existing Residential building;

- (b) Notwithstanding any other provision of this By-law, Development Charges shall not be imposed with respect to the creation of any of the following in existing Single Detached Dwellings, Semi-Detached Dwellings, Back-to-back Townhouse Dwellings or Stacked Townhouse Dwellings:
 - (i) A second Dwelling Unit on a parcel of land on which Residential Use, other than ancillary Residential Use, is permitted, if all buildings and structures ancillary to the existing Residential structure cumulatively contain no more than one (1) Dwelling Unit.
 - (ii) A third Dwelling Unit on a parcel of land on which Residential Use, other than ancillary Residential Use, is permitted, if no building or structure ancillary to the existing Residential structure contains any Dwelling Units.
 - (iii) One Dwelling Unit on a parcel of urban Residential land, if the existing structure contains no more than two (2) Dwelling Units and no other building or structure ancillary to the existing Residential structure contains any Dwelling Units.



- (c) Notwithstanding any other provision of this By-law, Development Charges shall not be imposed with respect to the creation of any of the following in new Single Detached Dwellings, Semi-Detached Dwellings, Back-to-back Townhouse Dwellings or Stacked Townhouse Dwellings:
- (i) A second Dwelling Unit on a parcel of land on which Residential Use, other than ancillary Residential Use, is permitted, if all buildings and structures ancillary to the new Residential structure cumulatively will contain no more than one (1) Dwelling Unit.
 - (ii) A third Dwelling Unit on a parcel of land on which Residential Use, other than ancillary Residential Use, is permitted, if no building or structure ancillary to the new Residential structure contains any Dwelling Units.
 - (iii) One (1) Dwelling Unit in a building or structure ancillary to a new Residential structure on a parcel of urban Residential land, if the new Residential structure contains no more than two (2) Dwelling Units and no other building or structure ancillary to the new Residential structure contains any Dwelling Units.

3.6 Rules with Respect to Rental Units Reductions

- (a) Notwithstanding any other provision of this By-law, the Development Charges payable for Residential Development, where the Dwelling Units are intended for rented Residential Use, will be reduced based on the number of bedrooms in each Dwelling Unit, subject to Section 26.2(1.1) of the Act, as follows:
- (i) Three (3) or more Bedrooms – 25% reduction;
 - (ii) Two (2) Bedrooms – 20% reduction; and
 - (iii) Fewer than two (2) Bedrooms – 15% reduction

3.7 Exemption for Industrial Development:



- (1) Notwithstanding any other provision of this by-law, no development charge is payable with respect to an enlargement of the gross floor area of an existing industrial building where the gross floor area is enlarged by 50 percent or less.
- (2) If the gross floor area of an existing industrial building is enlarged by greater than 50 percent, the amount of the development charge payable in respect of the enlargement is the amount of the development charge that would otherwise be payable multiplied by the fraction determined as follows:
 - (a) determine the amount by which the enlargement exceeds 50 percent of the gross floor area before the enlargement; and
 - (b) divide the amount determined under subsection (1) by the amount of the enlargement.

3.8 For the purpose of section 3.7 herein, "existing industrial building" is used as defined in the Regulation made pursuant to the Act.

3.9 Other Exemptions:

Notwithstanding the provision of this by-law, development charges shall not be imposed with respect to:

- the issuance of a building permit in accordance with section 2 (3) of the Act;
- a place of worship;
- a college or university and student accommodation related directly to the college and/or university;
- Non-profit Residential Development;
- Public Hospitals;
- Children's Treatment Centre of Chatham-Kent;
- Chatham-Kent Municipal Airport;
- Farm buildings, excluding on-farm bunk houses and greenhouses;
- Affordable Residential Units required pursuant to section 34 and 16(4) of the Planning Act (Inclusionary Zoning); and



- As of the date on which section 4.1 of the Act is proclaimed into force, the following shall be exempt from Development Charges:
 - Affordable Residential Units; and
 - Attainable Residential Units

Amount of Charges

Residential

- 3.10 (a) Subject to subsection 3.10 (b), the development charges set out in Schedule 8 shall be imposed on residential uses of land, buildings or structures, including a dwelling unit accessory to a non-residential use and, in the case of a mixed use building or structure, on the residential uses in the mixed use building or structure, according to the type of residential unit and calculated with respect to each of the services according to the type of residential use.
- (b) The following percentage of each service for residential uses, as provided in Schedule 8, shall be imposed:

Service	Residential				
	Passage of By-Law to 1 st Anniversary of By-law	1 st Anniversary to 2 nd Anniversary of By-law	2 nd Anniversary to 3 rd Anniversary of By-law	3 rd Anniversary to 4 th Anniversary of By-law	4 th Anniversary to Expiry of By-law
Wastewater	xx%	xx%	xx%	xx%	xx%
Water Services	xx%	xx%	xx%	xx%	xx%

Non-Residential

Commercial/Institutional/Greenhouse Uses

- 3.11 (a) Subject to subsection 3.11 (b), the development charges set out in Schedule B shall be imposed on commercial/institutional/greenhouse uses of land, buildings or structures, including a dwelling unit accessory to a non-residential use and, in the case



of a mixed-use building or structure, in accordance with section 3.14 of the By-law.

- (b) The following percentage each service for non-residential uses as provided in Schedule B, shall be imposed:

Service	Non-Residential - Commercial/Institutional/Greenhouse					
	Development Type	Passage of By-Law to 1 st Anniversary of By-law	1 st Anniversary to 2 nd Anniversary of By-law	2 nd Anniversary to 3 rd Anniversary of By-law	3 rd Anniversary to 4 th Anniversary of By-law	4 th Anniversary to Expiry of By-law
Wastewater	Commercial	xx%	xx%	xx%	xx%	xx%
	Institutional	xx%	xx%	xx%	xx%	xx%
	Greenhouses	xx%	xx%	xx%	xx%	xx%
Water Services	Commercial	xx%	xx%	xx%	xx%	xx%
	Institutional	xx%	xx%	xx%	xx%	xx%
	Greenhouses	xx%	xx%	xx%	xx%	xx%

Industrial Uses

- 3.12 (a) Subject to subsection 3.12 (b), the development charges set out in Schedule B shall be imposed on industrial uses of land, buildings or structures and in the case of a mixed-use building or structure, in accordance with section 3.14 of the By-law.
- (b) The following percentage of each service for industrial uses, as provided in Schedule B, shall be imposed:

Service	Non-Residential - Industrial				
	Passage of By-Law to 1 st Anniversary of By-law	1 st Anniversary to 2 nd Anniversary of By-law	2 nd Anniversary to 3 rd Anniversary of By-law	3 rd Anniversary to 4 th Anniversary of By-law	4 th Anniversary to Expiry of By-law
Wastewater	xx%	xx%	xx%	xx%	xx%
Water Services	xx%	xx%	xx%	xx%	xx%



Reduction of Development Charges for Redevelopment

- 3.13 Despite any other provisions of this By-law, where, as a result of the redevelopment of land, a building or structure existing on the same land within 60 months prior to the date of payment of development charges in regard to such redevelopment was, or is to be demolished, in whole or in part, or converted from one principal use to another principal use on the same land in order to facilitate the redevelopment, the development charges otherwise payable with respect to such redevelopment shall be reduced by the following amounts:
- (a) in the case of a residential building or structure or, in the case of a mixed-use building or structure, the residential uses in the mixed-use building or structure, an amount calculated by multiplying the applicable development charge under section 3.10 by the number, according to type, of dwelling units that have been or will be demolished or converted to another principal use; and
 - (b) in the case of a non-residential building or structure or, in the case of a mixed-use building or structure, the non-residential uses in the mixed-use building or structure, an amount calculated by multiplying the applicable development charges under section 3.11, by the gross floor area that has been or will be demolished or converted to another principal use; provided that such amounts shall not exceed, in total, the amount of the development charges otherwise payable with respect to the redevelopment.

Time of Payment of Development Charges

- 3.14 Development charges imposed under this By-law are calculated, payable and collected upon issuance of a building permit with respect to each dwelling unit, building or structure.
- 3.15 Despite section 3.14, Council from time to time, and at any time, may enter into agreements providing for all or any part of a development



charge to be paid before or after it would otherwise be payable, in accordance with section 27 of the Act.

- 3.16 Notwithstanding subsections 3.14 and 3.15, development charges for rental housing and institutional developments are due and payable in 6 installments commencing with the first installment payable on the date of first occupancy certificate issued, and each subsequent installment, including interest (calculated in accordance with section 26.3 of the Act), payable on the anniversary date each year thereafter.
- 3.17 Where the development of land results from the approval of a site plan or zoning by-law amendment received on or after January 1, 2020, and the approval of the application occurred within 2 years of building permit issuance, the development charges under subsections 3.6 and 3.7 shall be calculated on the rates set out in Schedule "B" on the date of the planning application, including interest. Where both planning applications apply development charges under subsections 3.10, 3.11 and 3.12, the calculations shall be based on the date of the later planning application as set out in Schedule "B", including interest (calculated in accordance with section 26.3 of the Act)

4. Payment by Services

- 4.1 Despite the payment required under sections 3.10, 3.11, and 3.12, Council may, by agreement, give a credit towards a development charge in exchange for work that relates to a service to which a development charge is imposed under this By-law.

5. Indexing

- 5.1 Development charges imposed pursuant to this By-law shall be adjusted annually, without amendment to this By-law, commencing on the first anniversary date of this By-law and each anniversary date thereafter, in accordance with the prescribed index in the Act.

6. Schedules

- 6.1 The following schedules shall form part of this By-law:



Schedule A - Components of Services Designated in Section 2.1

Schedule B - Residential and Non-Residential Development Charges.

7. Conflicts

- 7.1 Where the Municipality and an owner or former owner have entered into an agreement with respect to land within the area to which this By-law applies, and a conflict exists between the provisions of this By-law and such agreement, the provisions of the agreement shall prevail to the extent that there is a conflict.
- 7.2 Notwithstanding section 7.1, where a development which is the subject of an agreement to which section 7.1 applies, is subsequently the subject of one or more of the actions described in subsection 3.4 (a), an additional development charge in respect of the development permitted by the action shall be calculated, payable and collected in accordance with the provisions of this By-law if the development has the effect of increasing the need for services, unless such agreement provides otherwise.

8. Severability

- 8.1 If, for any reason, any provision of this By-law is held to be invalid, it is hereby declared to be the intention of Council that all the remainder of this By-law shall continue in full force and effect until repealed, re-enacted, amended or modified.

9. Date By-law in Force

- 9.1 This By-law shall come into effect at 12:01 AM on March 25, 2024.

10. Date By-law Expires

- 10.1 This By-law will expire at 12:01 AM on March 25, 2034, unless it is repealed by Council at an earlier date.

11. Existing By-law Repealed

- 11.1 By-law Number 18-2019 is hereby repealed as of the date and time of this By-law coming into effect.



Passed this 18th day of March 2024.

Mayor – Darrin Canniff

Clerk – Judy Smith



Schedule "A" to By-law XX-2024
Components of Services Designed in Section 2.1

Water Services

Water Treatment

Water Supply (transmission main) Water Storage

Pumping Stations

Wastewater Services

Wastewater Treatment Facilities

Trunk Sewers



Schedule B Schedule of Development Charges

Service	RESIDENTIAL						NON-RESIDENTIAL (per sq.ft. of Gross Floor Area)			
	Single and Semi-Detached Dwelling	Multiples	Apartments - 2 Bedrooms +	Apartments - Bachelor and 1 Bedroom	Special Care/Special Dwelling Units	Bunk Houses (Per Bed)	Commercial	Institutional	Industrial	Greenhouses
Wastewater Services	3,687	2,367	2,396	1,449	1,410	1,410	2.66	2.66	2.66	4.07
Water Services	7,828	5,025	5,087	3,076	2,994	2,994	5.64	5.64	5.64	8.67
Total	11,515	7,392	7,483	4,525	4,404	4,404	8.30	8.30	8.30	12.74